

WISCONSIN STATE
LEGISLATURE
COMMITTEE HEARING
RECORDS

2003-04

(session year)

Assembly

(Assembly, Senate or Joint)

Committee on
Housing
(AC-Ho)

File Naming Example:

Record of Comm. Proceedings ... RCP

- 05hr_AC-Ed_RCP_pt01a
- 05hr_AC-Ed_RCP_pt01b
- 05hr_AC-Ed_RCP_pt02

Published Documents

➤ Committee Hearings ... CH (Public Hearing Announcements)

➤ **

➤ Committee Reports ... CR

➤ **

➤ Executive Sessions ... ES

➤ **

➤ Record of Comm. Proceedings ... RCP

➤ **

*Information Collected For Or
Against Proposal*

➤ Appointments ... Appt

➤ **

➤ Clearinghouse Rules ... CRule

**

➤ Hearing Records ... HR (bills and resolutions)

➤ **03hr_ab0902_AC-Ho_pt01**

➤ Miscellaneous ... Misc

➤ **

Becher, Scott

From: Chris.Gunst@wheda.com on behalf of Gunst, Chris
Sent: Tuesday, February 24, 2004 4:05 PM
To: Wieckert, Steve; Becher, Scott; Manley, Scott; Stepp, Cathy; Moore, Gwen; Bablitch, Kelly; Morris, Johnnie; Riley, Neci
Subject: Fw: Draft review: LRB 03-4018/2 Topic: Housing rehabilitation loan program changes



03-40182.pdf

Here is slash two--it has been jackered for tomorrow's committee meeting
----- Forwarded by Chris Gunst/WHEDA on 02/24/2004 03:44 PM -----

"Barman, Mike"
<Mike.Barman@legis.state.wi.us>

02/24/2004 11:22
AM

"Gunst, Chris"
<Chris.Gunst@wheda.com>

To

cc

Subject
Draft review: LRB 03-4018/2 Topic:
Housing rehabilitation loan program changes

State of Wisconsin
Legislative Reference Bureau

100 North Hamilton Street
5th Floor
P.O. Box 2037
Madison, WI 53701-2037

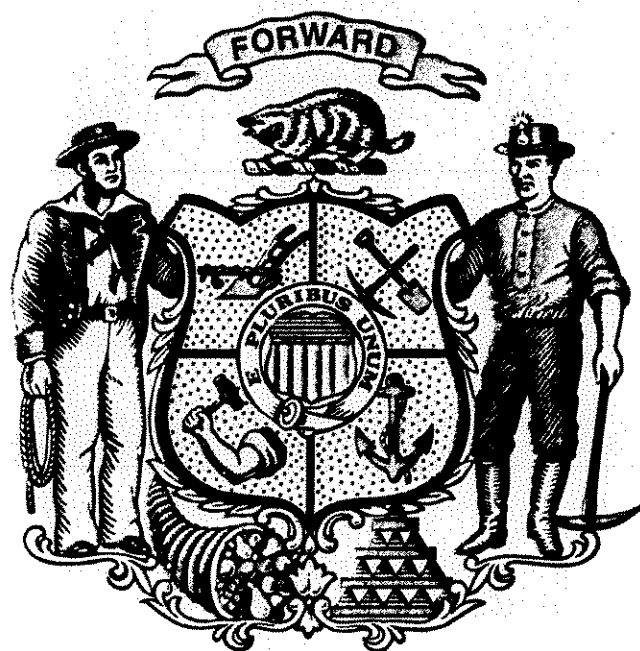
The attached draft was prepared at your request. Please review it carefully to ensure that it satisfies your intent. If you have any questions concerning the draft or would like to have it redrafted, please contact Pamela J. Kahler, Senior Legislative Attorney, at (608) 266-2682, at pam.kahler@legis.state.wi.us, or at 100 North Hamilton, 5th Floor.

If you would like to jacket the draft for introduction, please click on the appropriate button (to the left). If you have any questions about jacketing, please call our program assistants at (608) 266-3561. Please allow one day for jacketing.

If the last paragraph of the analysis states that a fiscal estimate will be prepared, the LRB will request that it be prepared after the draft is introduced. You may obtain a fiscal estimate on the draft before it is

introduced by contacting our program assistants at LRB.Legal@legis.state.wi.us or at (608) 266-3561. If you have previously requested a fiscal estimate on an earlier version of this draft and would like to obtain a fiscal estimate on this version before it is introduced, you will need to request a revised fiscal estimate from our program assistants.

Please call our program assistants at (608) 266-3561 if you have any questions regarding this email.
(See attached file: 03-40182.pdf)



Becher, Scott

From: Chris.Gunst@wheda.com on behalf of Gunst, Chris
Sent: Tuesday, February 24, 2004 8:04 AM
To: Becher, Scott



SECTION 234
REVISIONS.doc

Scott--

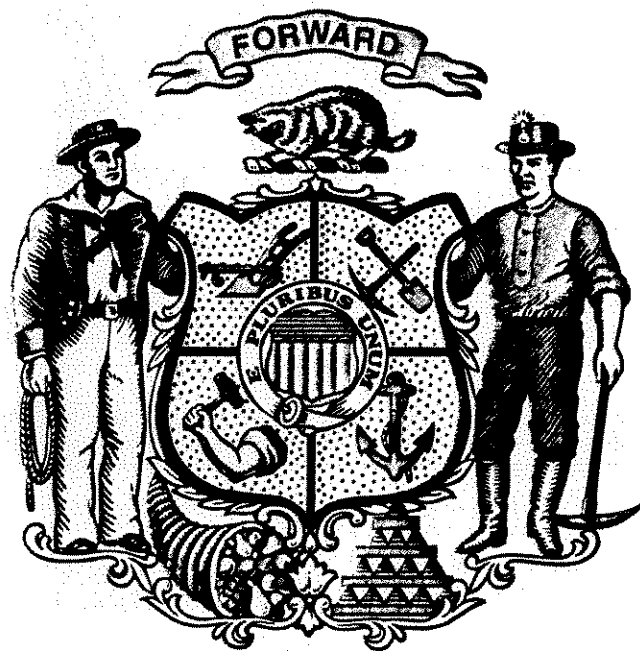
Thank you and thanks to your boss for moving so fast. Sen. Stepp is on board as the Senate sponsor with a few minor changes that WHEDA is fine with. First, she wanted WHEDA's ability to make loans on decks and patio removed which is fine. And she wanted a lower bond increase of \$150 million additional bonding authority which is also fine (this gives us this year and two additional years.)

I'm having those changes drafted immediately and will get them to you as soon as possible (today is likely). I assume you want to have a hearing on that version of the bill, but you tell me.

Stepp wants to move the bill forward with just the WHEDA Board members as sponsors. Ill follow up with a phone call to your office later today. But if you need me at anytime, I'm out of the office but do have my cell phone 225.2756.

I'm including revised talking points for you. See you on Thursday and thanks again.

Chris(See attached file: SECTION 234 REVISIONS.doc)



Becher, Scott

From: Chris.Gunst@wheda.com on behalf of Gunst, Chris
Sent: Wednesday, February 25, 2004 8:05 AM
To: Becher, Scott; Manley, Scott

Just a quick update

First, you all should have received slash/2, "the corrected version". Also, Scott B. received the jacket copy and I believe has already turned it in.

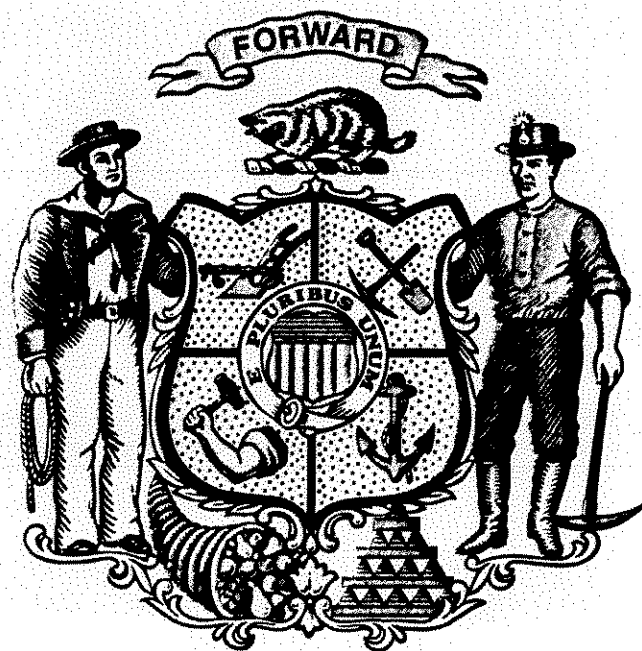
Second, I have made sure to give slash/2 to the mortgage bankers, realtors and asked for comments--primarily indications from the mortgage bankers at least is no problem and I don't expect any red flags from the realtors.

Third, reading draft of AR testimony (given by Mary Zins our head of credit) for tomorrow's meeting--will e-mail you final draft early this afternoon. With some sample questions.

Question to y'all; does it make sense (and it may already be happening) but to have Sen. Stepp introduce the same bill in the senate so we have two "trains" running?

Again, I will be at strategic planning in the morning and then back in the office by noon

Thanks once more for all your help
Chris



Becher, Scott

From: Chris.Gunst@wheda.com on behalf of Gunst, Chris
Sent: Wednesday, February 25, 2004 12:13 PM
To: Manley, Scott
Cc: Becher, Scott; Manley, Scott
Subject: RE:

Bureau of Housing is working on the report now and hopes to finish it first thing tomorrow...if need be we can get someone from the Bureau of Housing to testify.

Chris

"Manley, Scott"
<Scott.Manley@leg
is.state.wi.us>

02/25/2004 09:00
AM

"Gunst, Chris"
<Chris.Gunst@wheda.com>, "Becher,
Scott"
<Scott.Becher@legis.state.wi.us>,
"Manley, Scott"
<Scott.Manley@legis.state.wi.us>

To

cc

Subject

RE:

I called Pam Kahler yesterday and asked her to jacket a copy of /2 for introduction in the Senate. I should have that today.

Also, the DOA housing report that is required under 13.099(2) may present a problem. I am told by our Chief Clerk's office that we need to have that before we can vote on it (for sure on the floor, and maybe in committee as well). Is there anything you can do Chris to get the folks at DOA to do this report ASAP?

Scott

-----Original Message-----

From: Chris.Gunst@wheda.com [mailto:Chris.Gunst@wheda.com]
Sent: Wednesday, February 25, 2004 8:05 AM
To: Scott.Becher@legis.state.wi.us; Scott.Manley@legis.state.wi.us
Subject:

Just a quick update

First, you all should have received slash/2, "the corrected version". Also, Scott B. received the jacket copy and I believe has already turned it in.

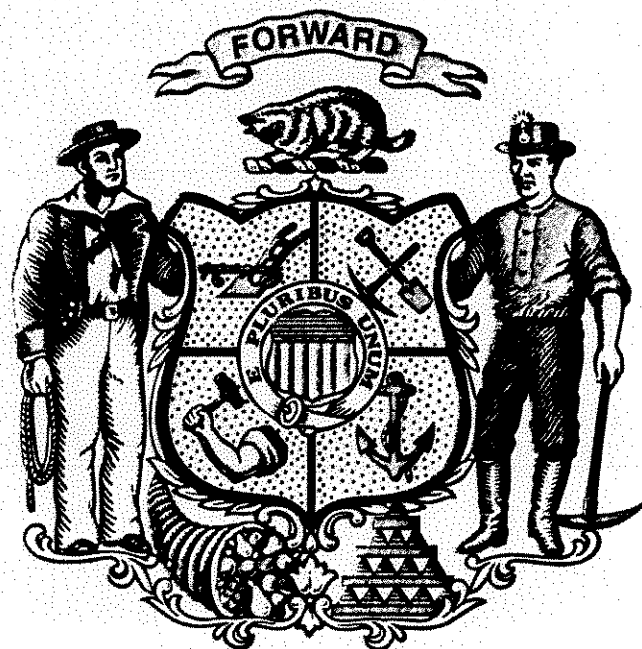
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Thanks once more for all your help
Chris



Becher, Scott

From: Chris.Gunst@wheda.com on behalf of Gunst, Chris
Sent: Wednesday, February 25, 2004 2:31 PM
To: Manley, Scott; Becher, Scott
Subject: Fw: RE:

Regarding the report, that BOH is furiously working to get done.

From Leg Council, the report need not be completed for either the committee hearing, committee ex, or even floor passage as the statute gives a "within 30 days after it is introduced" deadline.

I will have some useful questions that committee members might ask and our testimony over to you momentarily. Let me know if you need anything else.

Also Scott B. I called Albers office and talked to them--waiting a response. And what order are you taking the bills in committee...and will the issue of a quorum be a problem.

Thanks for everything
Chris

----- Forwarded by Chris Gunst/WHEDA on 02/25/2004 02:24 PM -----

"Matthias, Mary"
<Mary.Matthias@legis.state.wi.us>

02/25/2004 02:11 PM

"Gunst, Chris"
<Chris.Gunst@wheda.com>

To

cc

Subject

RE:

13.099(2)(a)

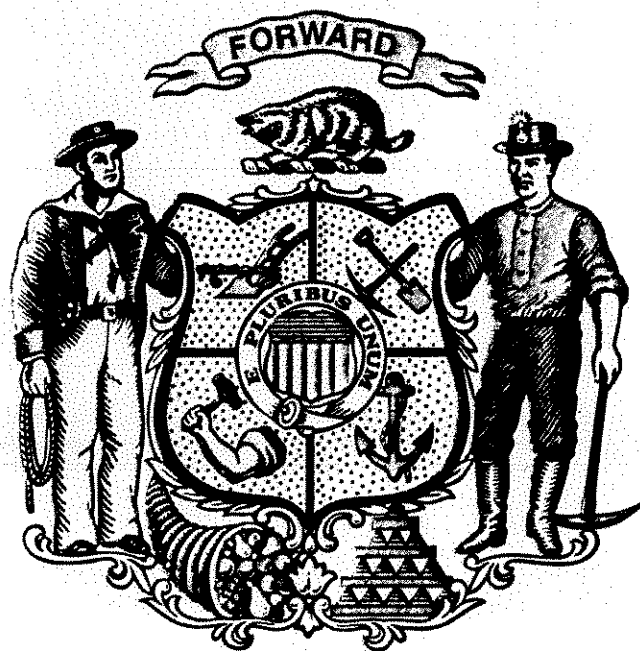
(a) If any bill that is introduced in either house of the legislature directly or substantially affects the development, construction, cost or availability of housing in this state, the department shall prepare a report

on the bill within 30 days after it is introduced. The department may request any information from other state agencies, local governments or individuals or organizations that is reasonably necessary for the department to prepare the report.

-----Original Message-----

From: Chris.Gunst@wheda.com [mailto:Chris.Gunst@wheda.com]
Sent: Wednesday, February 25, 2004 2:11 PM
To: Mary.Matthias@legis.state.wi.us
Subject:

Here you go...(See attached file: SECTION 234 REVISIONS.doc)



Becher, Scott

From: Chris.Gunst@wheda.com on behalf of Gunst, Chris
Sent: Wednesday, February 25, 2004 4:34 PM
To: Manley, Scott; Becher, Scott
Subject: Fw: Comments on impact statement?



Doc1.doc

Impact statement from Bureau of Housing

----- Forwarded by Chris Gunst/WHEDA on 02/25/2004 04:32 PM -----

"Wheeler, Bill"
<bwheeler@commerc
e.state.wi.us>

02/25/2004 04:21
PM

"Gunst, Chris"
<Chris.Gunst@wheda.com>

To

cc

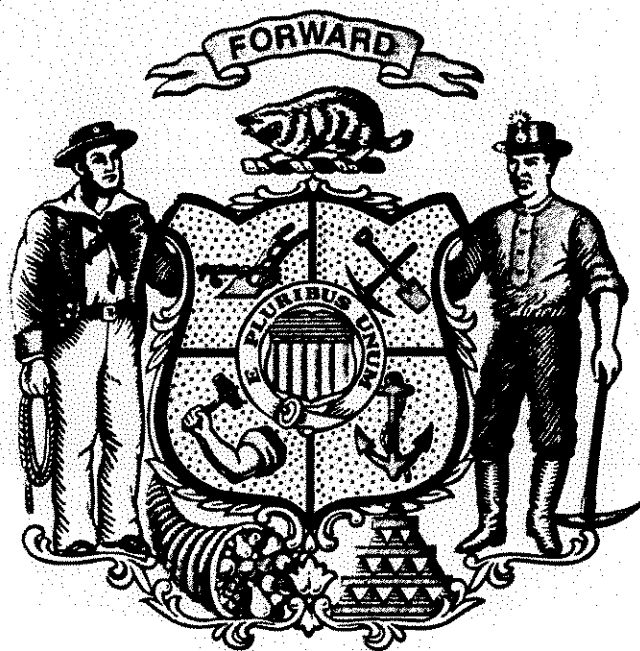
Subject
FW: Comments on impact statement?

draft below

-----Original Message-----

From: Evanson, Marty
Sent: Wednesday, February 25, 2004 4:17 PM
To: O'Keefe, Jim - COMM; Wheeler, Bill
Subject: Comments on impact statement?

<<Doc1.doc>>
(See attached file: Doc1.doc)



**TESTIMONY OF ANTONIO RILEY, EXECUTIVE DIRECTOR,
WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY**

ASSEMBLY HOUSING COMMITTEE

2-26-2004

SECTION 234 REVISIONS

AB 902

Thank you for the opportunity to testify on behalf on the proposed changes to Section 234. Unfortunately I am unavailable to attend in person today due to a previously scheduled event. I have asked Mary Zins, Director of Credit at WHEDA to present my testimony and answer your questions regarding this legislation. These changes will help more low income people across the state achieve the dream of homeownership and help them make repairs to their homes.

Most of the proposed changes to section 234 are related to our HOME and Home improvement loan programs for homeownership. The HOME program provides low interest rate loans for first time homebuyers. The HOME improvement program provides low interest loans for home repairs and maintenance. Both of these programs are made possible by the issuance of mortgage revenue bonds. They do not use state revenues. In addition to state regulations, mortgage revenue bonds are also regulated by the federal government through IRS regulations. These regulations limit the income level of homebuyers and homeowners and also limit the purchase price of properties. The proposed changes will allow WHEDA to enhance the programs by removing restrictions that are inconsistent with current federal regulations and employ practices currently used in the housing finance industry. I will briefly describe the changes being proposed and the benefit that will be provided to low and moderate income families in the state.

HOME revisions

- The income limit restriction is changed to mirror federal regulations for mortgage revenue bond programs. This gives WHEDA the flexibility to use higher income limits in rural areas. Because rural counties have much lower median incomes than the urban counties, the income limits are too restrictive to reach many first time buyers in the poorer rural counties. This will help many more families in rural areas of the state qualify for a low cost mortgage for their first home. For example, in Waushara county the current income limit is \$46,300, under the new guideline the income limit could increase to \$58,400.
- Removes the loan to value ratio restriction for HOME loans. It is currently limited to 97% of the loan to the property value. This means that a homebuyer is required to provide a minimum of 3% of the purchase price for the downpayment. This change will give WHEDA the flexibility to offer loans with a lower downpayment or no downpayment at all. This will help more low income families

purchase a home because the biggest obstacle to buying a home is saving sufficient money to make the downpayment. By reducing the minimum downpayment, there will also be less pressure on downpayment assistance funding from WHEDA and the state Bureau of Housing. Almost 50% of homebuyers who receive a WHEDA loan also need downpayment and closing cost assistance. For a family purchasing a home for \$90,000, a 3% downpayment would be \$2700 plus closing costs. With this proposed change, the family could purchase this home with no downpayment.

- This change also removes the requirement that the property value has to be determined by a full appraisal. This gives WHEDA the ability to use other alternative methods common in today's market to determine value. This will help to reduce closing costs for first time homebuyers.

HOME Improvement revisions

- Some of the restrictions on the types of rehabilitation the WHEDA home improvement loan program can be used for are removed. Common housing elements in today's market including fencing, landscaping, and home appliances are currently not allowed. Improvements will continue to be restricted to those that maintain the home in a decent, safe and sanitary condition, save energy costs, or extend the economic or physical life of the property. This will help a young family fence their yard and provide a safe environment for their children, plant some trees for shade, or replace a broken refrigerator.
- The requirement that the property must have been occupied as a residence at least ten years is removed. This will allow homeowners in properties to maintain their home and make necessary repairs regardless of the age of the property.
- Allows the use of area median income rather than county median incomes to be used in determining income eligibility. This helps to make the home improvement loan program more accessible to families in rural areas where the county median incomes are low.

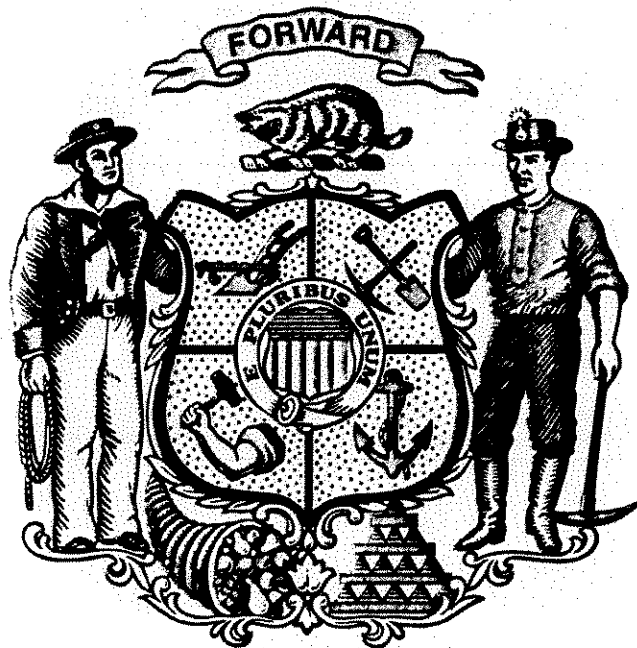
OTHER PROPOSED CHANGES

- Increases the outstanding principal amount of bonds and notes that WHEDA may issue for corporate purposes by \$150 million to a total of \$470 million. This bonding cap applies to the financing WHEDA provides for low income multifamily rental housing. This increased cap will allow WHEDA to continue bonding for this purpose for the next 3 years. The additional bonding will provide

almost 2000 to 3000 units of affordable rental housing for low income families and seniors. This additional bonding will not use any state funding.

- When WHEDA provides a loan for the construction or rehabilitation of multifamily housing , we underwrite the financial viability of the developer. The proposed change would make personal and financial records related to housing project loans confidential.

Thank you for providing the opportunity to testify this afternoon. I will be happy to answer any questions you may have.



SECTION 234 REVISIONS

Most of the changes to section 234 are related to our HOME and Home improvement program for homeownership. The changes will help us reach more first time homebuyers in rural areas and will allow us to enhance the program by removing restrictions that are outdated in today's marketplace.

HOME revisions

- Changes the income limit restriction to mirror federal regulations for mortgage revenue bond programs. This gives WHEDA the flexibility to use higher income limits in rural areas. Because rural areas have much lower median incomes than the urban counties, the income limits are too restrictive to reach first time buyers in the poorer rural counties.
- Removes the loan to value ratio restriction for HOME loans. It is currently limited to 97%. This will give WHEDA the flexibility to offer loans with lower loan to value ratio requirements. By reducing the minimum downpayment, there will also be less pressure on downpayment assistance funding from WHEDA and the Bureau of Housing. This change also removes the requirement that value has to be determined by a full appraisal. This gives WHEDA the ability to use other alternative methods common in today's market to determine value. This can help to reduce closing costs for first time homebuyers.

HOME Improvement revisions

- Eliminates the restrictions on what types of rehabilitation the WHEDA home improvement loan program can be used for. Common housing elements in today's market like fencing were not allowed. Improvements will continue to be restricted to those that maintain the home in a decent, safe and sanitary condition, save energy costs, or extend the economic or physical life of the property.
- Removes the requirement that the property must have been occupied as a residence at least ten years to qualify for a home improvement loan.
- Allows the use of area rather than county median incomes to be used in determining income eligibility. This helps to make the loan program more accessible to families in rural areas where the county median incomes are low.

OTHER

- Increases the outstanding principal amount of bonds and notes that WHEDA may issue for corporate purposes by \$150 million.
- Makes personal and financial records related to housing project loans confidential.

HOUSING IMPACT NOTE:

IMPACTS: Assembly Bill 902 impacts housing in Wisconsin in the following ways:

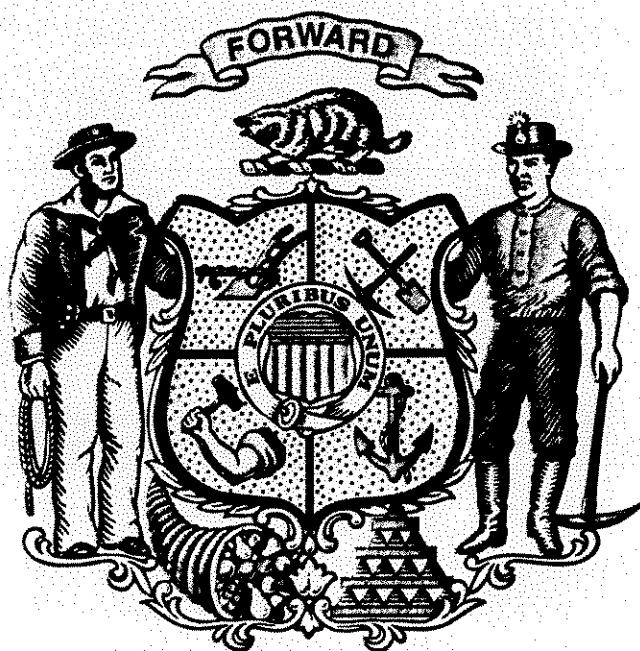
- cost of constructing, rehabilitating, improving, or maintaining dwellings (reduces costs by expanding opportunities to utilize WHEDA low interest loans)
- purchase price of housing (the bill reduces purchasing burdens)
- cost and availability of financing, closing costs or mortgage insurance (the bill allows lower cost appraisal options and makes WHEDA financing more readily available)

SUMMARY:

This bill increases the flexibility of WHEDA and its partners to process homebuyer and home rehabilitation loans, particularly in nonmetropolitan areas. The planned revisions should result in greater opportunities for low/moderate income households to participate in WHEDA homebuyer and home rehabilitation programs.

The effect of this bill is consistent with the state Consolidated Plan's priority to promote homeownership and affordability of housing.

Prepared by Dept. of Commerce, Bureau of Housing
Marty Evanson
608-267-2713



Vote me Becker yes on

all bills +

amendments.

I have to be back

in Eau Claire by

5:30 pm for an

important!